

CHAPTER 60
ENTREPRENEURIAL VENTURES
ASSISTANCE PROGRAM

261—60.1(15) Purpose. The department of economic development administers the entrepreneurial ventures assistance (EVA) program. The purpose of the entrepreneurial ventures assistance program is to encourage the development of entrepreneurial venture planning and managerial skills in conjunction with the delivery of a financial assistance program for business start-ups and expansions.

261—60.2(15) Definitions. As used in this chapter, unless the context otherwise requires:

“*Department*” or “*IDED*” means the Iowa department of economic development.

“*Early-stage industry company*” or “*early-stage company*” means a company with three years or less of experience in a particular industry.

“*Eligible applicant*” means an individual who is participating in or has successfully completed a recognized entrepreneurial venture development curriculum, or a business whose principal participants have successfully completed a recognized entrepreneurial venture development program.

“*EVA*” means the entrepreneurial ventures assistance program, authorized by Iowa Code sections 15.338 and 15.339.

“*Recognized entrepreneurial venture development curriculum*” means programs developed by a John Pappajohn Entrepreneurial Center (JPEC), or a holistic training program recognized by the IDED which generally encompasses the following areas: entrepreneurial training, management team development, intellectual property management, market research and analysis, sales and distribution development, financial planning and management, and strategic planning.

261—60.3(15) Eligibility requirements.

60.3(1) In order to be eligible for assistance, the business, or proposed business, must be located in the state of Iowa.

60.3(2) If the business is a sole proprietorship or a partnership, all applicable business owners must apply. If the business is a limited liability company, a limited liability partnership, or a corporation, the application must be submitted and signed by an individual who has been authorized by the business to do so.

60.3(3) In order to be eligible for assistance, the business owner or owners (or appropriate individual(s) in a limited liability company, limited liability partnership or corporation) must provide evidence that they are currently participating in, or have successfully completed, a recognized entrepreneurial venture development curriculum. In order to satisfy this requirement, the individuals can provide evidence of substantial progress or completion of the curriculum of study at one of the JPEC centers, or its equivalent.

60.3(4) In order to be eligible for assistance, the individual or business must have a business plan which details the business’s growth strategy, management team (if applicable), production/management plan, marketing plan, financial plan, and other standard elements of a business plan.

261—60.4(15) Financial assistance. Applicants may apply to IDED for financial assistance to assist with their business start-up or early-stage growth. The applicant may request up to \$50,000 to be used for business expenses and to leverage conventional financing from commercial lenders or private investors. The assistance under this program is limited to 50 percent or less of the total original capitalization, if a new business, or total project costs, if an existing business. Funds may be used to purchase machinery, equipment, software, or for working capital needs, or other business expenses deemed reasonable and appropriate by IDED.

261—60.5(15) Technical assistance. Applicants may also apply for assistance in paying for consulting, or technical assistance, either in conjunction with the request for financial assistance, or after a period of time that the business has been in operation. Assistance of this nature is limited to no more than \$10,000 per applicant.

261—60.6(15) Application process. Applications must be submitted on forms as prescribed by the department. Applications, the business plan, and related material shall be submitted to Entrepreneurial Ventures Assistance Program, Division of Business Development, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309.

261—60.7(15) Review process.

60.7(1) Applications will first be reviewed for completeness. If additional information is required, the program staff shall send the applicant notice to submit the additional needed information. The applicant shall submit the requested information within a reasonable time period in order to ensure further action on the request.

60.7(2) The applications will then be reviewed for content of the business plan, and an evaluation of the business's potential viability and potential for growth. The department may consult with the JPEC centers, or other knowledgeable agencies or individuals, as a part of the review process.

60.7(3) The following items will be reviewed and evaluated:

a. Type of business.

(1) Highest priority will be given to businesses in sectors of the Iowa economy with the greatest start-up and growth potential for Iowa, including but not limited to:

1. Biotechnology (including drugs and pharmaceuticals and value-added agricultural products);
2. Recyclable materials;
3. Software development and computer-related products;
4. Advanced materials;
5. Advanced manufacturing; and
6. Medical and surgical instruments.

(2) Assistance may be provided to industries other than those listed in "1" through "6" above; however, the applicant will have to provide a strong rationale regarding how that industry diversifies, strengthens or otherwise enhances Iowa's economy. Eligibility may be established by an industry other than those listed if that industry can provide rationale regarding the industry's benefit to Iowa's economic base. Rationale that is provided will be reviewed by department staff to determine eligibility as a targeted industry. Items that will be considered in determining an industry's benefit to Iowa's economic base will include:

1. The majority of the products or services produced by the industry are exported out of Iowa;
2. The inputs for the products produced in the industry are raw materials available in Iowa or are provided by Iowa suppliers;
3. The goods or services produced by this industry diversify Iowa's economy;
4. The goods or services provided by the industry resulted in, or will result in, a decrease in the importation of foreign-made goods into the United States;
5. The industry shows potential for future growth;
6. The functions of the industry do not produce harmful effects for Iowa's natural environment; and
7. Whether the average wages of the majority of the occupations in the industry are above the statewide average wage.

Businesses engaged in retail sales, the provision of health care or other professional services, and distributors of products or services will not be considered targeted industries and are not eligible for this program.

b. Management team and management expertise. Factors considered here would be whether the applicant(s) has a background (including education, training, work experience, and other factors) which will be helpful and useful in the business in question. Also considered would be the degree to which the applicant's background is fully documented.

c. Business capitalization. Factors considered here would be the original sources of financing for the business. Although all projects must have at least 50 percent of their financing from sources other than the EVA program, preference would be given to those applications where the other sources of financing were even higher than 50 percent.

d. Strength of business plan. Factors considered here would be the quality of the business plan and how well it addresses all elements of the business, such as a description of the company and the overall industry, the product and production plan, the market, competition, and the marketing strategy, the management team and business operations, patent issues (if applicable), critical risks and problems, and financial information and plan. The strength of the business plan will be the most important factor in the evaluation and rating of applications. Rating factors in paragraphs "a," "b," and "c" above will be evaluated as either satisfactory or not satisfactory. However, the business plan will be rated on an actual numerical or comparative scale. Those applications which are satisfactory on factors in paragraphs "a," "b," and "c" above and which rate highest on strength of business plan will be funded first.

261—60.8(15) Negotiation, decision, and award process.

60.8(1) Negotiations. The department reserves the right to negotiate the amount, term, payback amount, and other conditions of an award with the applicant.

60.8(2) Decision. The director of the department will make the final decision on all awards under the EVA program. The department will make a final decision on an application within one month of receipt of complete information relating to that application. Within a reasonable period after the decision has been made, the department will transmit to the applicant a letter which either provides the basic reasons for denial, or states the amount of an award and the accompanying terms and conditions to the award.

60.8(3) Contract. Following notification of an award, the department shall prepare a contract for execution between the department and the business. After execution of the contract by both parties, the business owner may request disbursement of funds on the form prescribed by IDIED. The time frame between final award date and disbursement of funds will generally be one to two months.

261—60.9(15) Monitoring, reporting, and follow-up.

60.9(1) *Monitoring.* The IDED reserves the right to monitor the recipient's records to ensure compliance with the terms of the award. IDED staff will contact the recipient to arrange such visits at a mutually agreeable time.

60.9(2) *Reporting.* Recipients shall submit to the IDED reports in the form and on a schedule as required by the department. The department retains the authority to request information on the condition of the business on a more frequent basis at any time during the period of the project.

60.9(3) *Misuse of funds.* Any person receiving funds under the EVA program is subject to criminal penalties under Iowa Code section 15A.3 if it is determined that the person knowingly made a false statement to procure economic development assistance from the state.

[Filed 9/19/97, Notice 7/16/97—published 10/8/97, effective 11/12/97]

[Filed 1/22/99, Notice 11/18/98—published 2/10/99, effective 3/17/99]